

G.M. says it won't need finance infusion in march

Nick Bunkley

General Motors, which has borrowed \$13.4 billion from the federal government since December to keep itself out of bankruptcy, said on Thursday that it had withdrawn a request for an additional \$2 billion that it thought was needed to stay alive through the end of this month.

G.M., the nation's largest automaker, issued a statement saying that it had told President Obama's auto industry task force, which is reviewing the restructuring plan that the company submitted last month, that its March financing request "would not be needed at this time" because it was making more progress than expected in reducing costs.

The statement did not specify whether G.M. still expected to need the full \$30 billion that it had requested.

"This development reflects the acceleration of G.M.'s companywide cost reduction efforts as well as proactive deferrals of spending previously anticipated in January and February," the statement said. "G.M. will remain in regular contact with the presidential task force on the auto industry on the status of G.M.'s restructuring actions, its liquidity position, timing of future funding requests, and other relevant topics of mutual concern."

G.M.'s 117-page restructuring plan, filed Feb. 17 with the Treasury Department, asked for \$2 billion in March, \$2.6 billion in April and at least \$4.5 billion in 2010. The company also wanted access to another \$7.5 billion, if needed, for a total of \$30 billion.

Chrysler, which has borrowed \$4 billion so far, wants another \$5 billion.

The companies have until the end of this month to show the task force — which sent some of its members to visit G.M. and Chrysler facilities in the Detroit area this week — that they are making progress on their restructurings. Both companies are still in talks with the United Automobile Workers union and other stakeholders, pressing for concessions that would help them cut costs and improve their viability.

Representative John D. Dingell, a Michigan Democrat, said G.M.'s decision to not request a loan this month "indicates G.M.'s viability plan is showing results, and the company is on the right path toward future profitability."

The other Detroit automaker, the Ford Motor Company, already has begun steps to restructure its debt and has reached a deal with the U.A.W., even though it has not borrowed federal money and is not subject to the same requirements as its rivals.

G.M.'s announcement on Thursday came as the Canadian Auto Workers union ratified a cost-cutting deal with the automaker. G.M. said the agreement would "quickly reduce costs in Canada by significantly closing the competitive gap with U.S. transplant automakers on active employee labor costs and substantially reducing" the cost of benefits for retirees.

G.M. said it was also exploring the possibility of transferring its retiree health care liabilities in Canada into an independent trust fund, as it did in the United States in its 2007 contract with the U.A.W.

Both G.M. and Chrysler are seeking financial aid from the Canadian government.

A top Chrysler executive said on Wednesday the company might have to close all of its plants in Canada unless it gets help from the government and enough labor concessions.

The executive, Thomas W. LaSorda, a vice chairman, said G.M.'s deal with its union would help Chrysler close less than half of the gap between itself and its foreign-based rivals in Canada.

"The current agreement with G.M. is unacceptable and we have to break the pattern," Mr. LaSorda told the Canadian House of Commons finance committee, according to a transcript.

New York Times, New York, 12 mar. 2009, Business, online. Disponível em <www.nytimes.com>. Acesso em: 13 mar. 2009.

A utilização deste artigo é exclusiva para fins educacionais